



Jim Doyle  
Governor

Helene Nelson  
Secretary

## State of Wisconsin

Department of Health and Family Services

DIVISION OF HEALTH CARE FINANCING

1 WEST WILSON STREET  
P O BOX 309  
MADISON WI 53701-0309

Telephone: 608-266-8922  
FAX: 608-266-1096  
TTY: 608-261-7798  
dhfs.wisconsin.gov

October 18, 2004

**Subject: Wisconsin Chronic Disease Program (WCDP)  
Brand Name Drug Reimbursement Changes**

Dear WCDP Pharmacy Provider:

Effective for dates of service on or after July 1, 2004, WCDP reimburses brand name drugs at the Medicaid reimbursement rate. Prior to this change the state-funded WCDP reimbursed drugs at the generic rate for brand name drugs when a generic equivalent was available even if the prescription was for a brand name drug. On September 16, 2004, the WCDP computer claim system changed so pharmacies now are paid like Medicaid.

**For Claims Paid Between July 1, 2004, and Receipt of This Letter**

For claims paid between July 1, 2004, and receipt of this letter, pharmacies may submit claim adjustments to receive the difference between the generic and brand reimbursement rates if the following conditions are met:

- The submitted claim has a date of service on or after July 1, 2004.
- The prescription was written for a brand name drug and the brand name drug was dispensed.
- The reimbursement was at the generic rate.

If the pharmacy received additional payment from the WCDP participant to make up the difference between the amount the pharmacy charges and the WCDP generic reimbursement rate, the pharmacy must pay that amount back to the participant.

**Billing Instructions**

In order to receive the brand reimbursement rate, a provider must put a value of 1 (substitution not allowed by prescriber) or 8 (substitution allowed-generic drug not available in marketplace) in the dispense as written (DAW) field on the claim. If the DAW field is left blank, WCDP will reimburse at the generic rate.

**WCDP Policies on Brand Name Drugs**

WCDP requires the use of generic drugs except when medically necessary. If a brand name drug is medically necessary, WCDP is following, in part, Medicaid/BadgerCare/SeniorCare policy on and after November 15, 2004. When a brand medically necessary prescription is written, prescribers are expected to submit to the pharmacy a completed MedWatch voluntary reporting form with the prescription.

Pharmacies should ensure that prescribers have done the following:

- Written “Brand Medically Necessary” on the prescription. (Phrases like “No substitutes” or “N.S.” are not acceptable.) This certification must be in the prescriber’s own handwriting and written directly on the prescription or on a separate order attached to the original prescription. Typed certification, signature stamps, or certification handwritten by someone other than the prescriber does not satisfy this requirement.
- Completed the MedWatch Reporting form. Documentation on the MedWatch form must indicate how the brand name drug will prevent reoccurrence of the adverse or allergic reaction or therapeutic failure.

These requirements do not apply to refills for prescriptions written prior to November 15, 2004. A copy of the completed MedWatch form does not need to be submitted to WCDP for prior authorization. The program reserves the right to conduct a post payment review to ensure brand name drugs are appropriately dispensed. Pharmacies are required to retain the MedWatch form in the participant’s file.

Pharmacies also are reminded that effective for dates of service on or after July 1, 2004, providers must accept payment from the Wisconsin Chronic Renal Disease Program as payment in full. Providers are prohibited from billing a participant for any amount by which the charge for the service exceeds the amount paid by WCDP. If you have any questions regarding this letter, please contact WCDP at (608) 221-3701.

Sincerely,

James J. Vavra, Director  
Bureau of Fee-For-Service Health Care Benefits

JJV:my  
CH08044